

Message Text

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PAGE 01 STATE 208106
ORIGIN NEA-10

INFO OCT-01 ISO-00 XMB-02 EB-08 TRSE-00 COME-00 STR-07
/028 R

DRAFTED BY NEA/PAB:HRLUCIUS:DE
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NEA/PAB:RLORTON
EB/IFD/ODF:TPARKER (SUBS)
-----116112 171339Z /44

R 162153Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY KABUL

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E.O. 11652: N/A

TAGS: BEXP, EFIN, EAIR, AF

SUBJECT: ARIANA CALLS ON EXIM REGARDING DC-10 LOAN

1. AUGUST 11 ARIANA'S FINANCE MANAGER, J.M. DATT,
ACCOMPANIED BY MCDONNELL DOUGLAS EXECUTIVES, HAD MEETING
WITH EXIM OFFICIALS (VP CLAYTON NORRIS, LOAN OFFICER PHILIP
DUNTON AND ECONOMIST CHARLES HAMMOND). DATT PRESENTED
LETTER TRANSMITTING FINANCIAL AND OPERATIONAL DATA REQUESTED
BY EXIM IN SUPPORT OF ARIANA'S LOAN APPLICATION. DATT IN-
CLUDED IN LETTER THE REQUEST THAT EXIM WAIVE COMMITMENT FEE,
ITS FINANCING TO COVER 65 PERCENT OF PURCHASE AND INTEREST
RATE PEGGED AT 5 PERCENT. DATT ALSO ASKED THAT EXIM REACH
FAVORABLE DECISION BY SEPT 7 IN ORDER FOR ARIANA TO HOLD
PRESENT PLACE IN MCDONNELL DOUGLAS' PRODUCTION SCHEDULE
SINCE ANY RESCHEDULING OF AIRCRAFT'S PRODUCTION DATE WILL
RESULT IN PRICE INCREASES.

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2. EXIM EXECUTIVES ADVISED DATT THAT TERMS HE REQUESTED,
PARTICULARLY REGARDING INTEREST RATE AND WAIVER OF COMMIT-
MENT FEE, ARE NOT POSSIBLE. EXIM EXPLAINED SEPARATELY TO
DEPT THAT LOAN APPLICATION IS FROM A MARGINAL AIR CARRIER
AND POLITICAL AND ECONOMIC CONSIDERATIONS REQUIRE THE EXIM
TO GIVE ARIANA APPLICATION CAREFUL CONSIDERATION AND

SCRUTINY BEFORE IT CAN REACH DECISION. EXIM ADVISED DATT

THAT IT WILL MAKE EVERY EFFORT TO MEET SEPTEMBER 7 DEADLINE FOR DECISION, BUT CANNOT PROMISE. IN ANY CASE, EXIM STATED IT WILL TRY TO PROVIDE ARIANA WITH AS FAVORABLE TERMS AS POSSIBLE IN KEEPING WITH EXIM'S AIRCRAFT SALES POLICY.

3. IN EXIM MEETING AND LATER DURING CALL ON NEA/PAB, DATT STRESSED THAT THE EXIM TERMS ARIANA HAS REQUESTED ARE NEGOTIABLE AND HE WISHES EXIM TO MAKE COUNTER PROPOSAL. HE ASKED THAT COUNTER TERMS BE AS GENEROUS AS POSSIBLE. DATT ALSO EXPLAINED THAT THE DRA WISHES THE DA AFGHANISTAN BANK PROVIDE PART OF THE FINANCING WITH US COMMERCIAL BANKS PICKING UP ONLY SMALL PORTION OF TOTAL FINANCING PACKAGE.

4. COMMENT: EXIM AND DEPT WERE LEFT WITH IMPRESSION THAT DATT WAS FOLLOWING STRICT INSTRUCTIONS WHEN HE SUGGESTED TERMS OF EXIM FINANCING AND HE TOO HAD RECOGNIZED THEY ARE UNREALISTIC. DATT IS RETURNING TO KABUL THIS WEEK AND, SHOULD HE CALL ON EMBASSY, IT WOULD BE USEFUL TO KNOW DRA REACTION TO HIS REPORT. WE JUDGE DRA IS PRACTICING FINE AFGHAN ART OF RUG TRADING AS IT SEEKS TO SECURE BEST FINANCING TERMS POSSIBLE FROM EXIM IN PURCHASING OF DC-10. WHEN EMBOFFS DISCUSS TERMS WITH DRA OR ARIANA OFFICIALS, THEY SHOULD ADVISE THAT ARIANA'S REQUEST WILL BE GIVEN ALL LIMITED OFFICIAL USE

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POSSIBLE CONSIDERATION BY EXIM. HOWEVER, TERMS, AS REQUESTED, ARE OUTSIDE THE POSSIBLE AND ARIANA WILL HAVE TO BE SATISFIED WITH MORE LESS GENEROUS LOAN TERMS IF APPLICATION IS TO BE APPROVED BY EXIM BOARD. VANCE

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